

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6331

BILL NUMBER: HB 1314

NOTE PREPARED: Jan 11, 2012

BILL AMENDED:

SUBJECT: School Instructional Material Sales Tax Holiday.

FIRST AUTHOR: Rep. Truitt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides a Sales Tax exemption for school instructional material that is purchased during either of the following: (1) The three day period from the first Friday in January through the following Sunday. (2) The three day period from the second Friday in August through the following Sunday.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill will reduce Sales Tax revenue by approximately \$12 M in FY 2013 and \$12.3 M in FY 2014. The bill provides a sales tax exemption for school instructional material that are purchased during the three day period from the first Friday in January through the following Sunday and the three day period from the second Friday in August through the following Sunday.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). The table below illustrates the reduction in Sales Tax revenue that would be distributed to each of these funds.

Fund	FY 2013	FY 2014
General Fund	\$11,950,452	\$12,300,649
Commuter Rail Service Fund	\$14,721	\$15,153
Industrial Rail Service Fund	\$3,471	\$3,573
TOTAL	\$11,968,645	\$12,319,374

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues would decrease to the extent that a local unit receives funds from the Commuter Rail Service Fund or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: National Retail Federation's *2007 Back-to-School Consumer Intentions and Actions Survey*; BIGresearch; Enrollment Statistics from the Indiana Commission on Higher Education; K-12 Private School Enrollment Statistics from the Indiana Department of Education.

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